

***An LFJ Conversation with
Suman Bannerjee, Chief
Investment Officer,
Hedonova***

Hedonova is an Alternative Investment Fund that holds a diversified portfolio of alternative assets such as art, sports collectibles, real estate, and more.

Litigation Finance Journal Conversations

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Hedonova, established in 2020, is a hedge fund specializing in alternative investments. The company has offices in various parts of the world, making it accessible to investors from different regions. Alternative investments are unique investment opportunities that do not conform to the standard categories of investments, such as stocks and bonds. Hedonova's portfolio of alternative investments encompasses a diverse range of assets, including startups, real estate, fine art, and wine. Hedonova's fund structure is a single fund structure that provides an excellent investment option for shareholders who wish to invest without the burden of managing the day-to-day distribution of their investments. This structure provides an added advantage to investors with limited knowledge or experience managing investments. Hedonova's focus on alternative investments means that its portfolio diversifies risk, offering investors an excellent hedge against the volatility of conventional investment categories. The unique combination of alternative investment and the single fund structure makes Hedonova an attractive option for savvy investors looking for high-yield, low-risk investments.

What was the driving factor behind Hedonova's decision to include litigation finance in its portfolio?

At Hedonova, litigation finance has the potential to deliver consistently attractive returns while mitigating some of the risks associated with traditional investments. Litigation finance presents a unique investment opportunity as it allows for investments in legal claims, which can offer a strong return on investment if the case is successful. Additionally, by including litigation finance in our portfolio, we can diversify it and mitigate risk. Furthermore, we take our ethical responsibilities seriously and are committed to maintaining the highest standards of integrity and professionalism in all our investments.

Investing in litigation finance should be profitable and serve the interests of justice. To this end, we thoroughly vet each case before investing to ensure that the underlying legal claim has merit and that our investment will not negatively impact the administration of justice.

ABOUT THE SPEAKER



SUMAN BANNERJEE
Chief Investment Officer, Hedonova

Suman Bannerjee currently serves as Chief Investment Officer (CIO) at Hedonova, responsible for managing the firm's investment strategies and ensuring the performance of its portfolios. Before, Suman served as the Global Portfolio Manager at Millennium, designing and implementing investment strategies and managing the firm's risk exposure. He served as the VP of Equipment Finance and Supply Chain Finance at Société Générale Equipment Finance (SGEF), where he oversaw the origination, underwriting, and management of equipment and supply chain finance transactions and was responsible for ensuring the profitability and growth of the business. He has a BA in Philosophy from the University of Cambridge and is a Chartered Alternative Investment Analyst (CAIA) charter holder and a member of the CAIA Association.

What is the process for evaluating and selecting cases to invest in through litigation financing?

We take a very thoughtful approach to evaluating and selecting cases to invest in through litigation financing. Our process is designed to ensure that we only invest in cases that are a good fit for us and have a high likelihood of success. We first do the initial screening, where we assess the case to determine if it meets our basic criteria for investment, such as jurisdiction, type of claim, and potential damages. Then we dive into a more in-depth review of the case that includes a review of all the legal documents, evaluating the strengths and weaknesses of the claim, and looking at the potential damages and costs involved.

As with every investment, we continuously monitor its progress to ensure that our investment remains on track and that we are well-informed about any developments in the case. This process ensures that we only invest in cases with a high probability of success and align with our investment philosophy and goals.

How do you balance the potential financial returns of litigation finance investments with the inherent risks associated with a litigation?

This balance is a critical aspect of our investment strategy at Hedonova. We understand that balancing potential returns with the inherent risks of litigation finance can be a challenge, but it's one that we take very seriously. We employ several strategies to help us achieve this balance, which is crucial to our success.

First, our due diligence process is comprehensive. We take the time to carefully evaluate each case before making an investment, allowing us to assess each investment's risk-reward profile better.

Second, we diversify our investments across various cases and industries. By spreading our investments across multiple cases, we can better mitigate the risks associated with any particular case or sector. Finally, by monitoring, as mentioned above, we ensure that our investment remains on track and that we are well-informed about any developments in the case.³

How has the market for litigation finance evolved in recent years, and where do you see it headed in the future?

The litigation finance industry has seen tremendous change and popularity in recent years. Litigation finance was once considered a niche investment but is now widely acknowledged as a respectable alternative investment.

In recent years, the number of players in the market has increased, and there is a rising need for litigation finance to fund lawsuits. Numerous factors, such as the high cost of litigation, the complexity of lawsuits as they get more sophisticated, and the lack of financing choices for plaintiffs, contribute to this need.

Looking ahead, the market for litigation finance will keep expanding as more and more investors and litigants become aware of its advantages. Additionally, the underwriting procedure for litigation finance is probably going to get more complex as technology and data analysis continue to progress, allowing fund managers to make better investment choices.

Overall, the market for litigation finance has a promising future, and we anticipate that it will continue to be a valuable source of funding for litigants and an attractive investment opportunity for investors.

Can you share any examples of successful investments your fund has made in the litigation finance space and what made them successful?

Certainly! As a fund that invests in alternative assets, including litigation finance, we always seek new opportunities and innovative solutions in the market. LegalPay is one such example. LegalPay is an Indian company that offers a platform for individuals and businesses to simplify and securely pay their legal bills. It uses cutting-edge technology and a fintech business strategy to give its users a smooth payment experience.

LegalPay's creative solution to the problem of legal bill payments, which is a headache for many people and companies, has great potential. They are meeting genuine market demand and have the potential to upend the established legal payments sector by utilizing technology to streamline and safeguard the payment process.

Our objective is to invest in businesses that have the potential to generate significant financial returns while also having a beneficial social impact, and LegalPay fits that description.

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